

Washington State Auditor's Office

Audit Report

Franklin County Conservation District

Audit Period

January 1, 1995 through December 31, 1997

Report No. 60254

Issue Date
June 11, 1999



Washington _____

State Auditor

Brian Sonntag

Audit Summary

Franklin County Conservation District January 1, 1995 through December 31, 1997

ABOUT THE AUDIT

This report contains the results of our independent audit of the Franklin County Conservation District for the period January 1, 1995, through December 31, 1997.

We performed audit procedures to determine whether the District complied with state laws and regulations, its own policies and procedures, and federal grant requirements. We also audited the financial statements and evaluated the internal controls established by the District management.

Our work focused on specific areas that have potential for abuse or misuse of public resources.

RESULTS

The Franklin County Conservation District complied with state laws and regulations and its own policies and procedures in the areas we examined. The entity also complied with federal requirements for the grants they received from the Department of Ecology and the Washington Conservation Commission.

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Description of the District

Franklin County Conservation District January 1, 1995 through December 31, 1997

ABOUT THE DISTRICT

The Franklin Conservation District was organized in 1951 to develop and administer voluntary, non-regulatory programs for the wise use and conservation of natural resources in Franklin County. The District is governed by a Board of elected and appointed volunteer Supervisors who establish priorities and set policy.

District Supervisors direct the expertise of District staff working in partnership with the federal Natural Resources Conservation Service. The District operates on state and federal grants or contracts to do projects, usually with some form of local match.

The total revenues for 1997, 1996 and 1995 respectively are \$128,655, \$128,388 and \$139,994. Total federal expenditures for 1997, 1996 and 1995 respectively are \$510, \$28,744 and \$33,152.

The District employs three full-time persons.

ELECTED OFFICIALS

These members of the Franklin County Conservation District served during the audit period:

Board of Supervisors:
Vice-Chair
Secretary-Treasurer

George Poulson
Bruce Le Page
Hank Tessitore

APPOINTED OFFICIALS

Board of Supervisors:
Chair

Vic Reeve
Scott Kawauchi

ADDRESS

District

1620 Road 44 North
Pasco, WA 99301
Phone (509) 545-8546

Audit Areas Examined

Franklin County Conservation District January 1, 1995 through December 31, 1997

In keeping with general auditing practices, we do not examine every portion of the District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Cash and investments
- State grants
- Travel expense
- Open public meetings act, access to public records, election notice

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Expenditures
- Petty cash and imprest accounts
- Cash receipting
- Payroll
- Safeguarding of assets/inventory

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Overall presentation of the financial statements
- Cash and investments

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with the following federal requirements, as applicable, for the District's federal programs:

- Spending grant funds for allowable purposes
- Financial reporting

Audit Overview

Franklin County Conservation District January 1, 1995 through December 31, 1997

AUDIT HISTORY

The District is audited every three years. There have been no reported findings in the last two audits.

CONCLUSIONS

In the areas examined, we found the Franklin County Conservation District complied with state laws and regulations, its own policies and procedures and requirements of federal financial assistance. We also found the District's financial statements were accurate and complete.

We thank the District's personnel for their assistance and cooperation during the audit.

Independent Auditor's Report on Compliance with Laws and Regulations at the Financial Statement Level (plus Additional State Compliance Requirements per RCW 43.09.260)

Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the financial statements of the Franklin County Conservation District, Franklin County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated March 19, 1999.

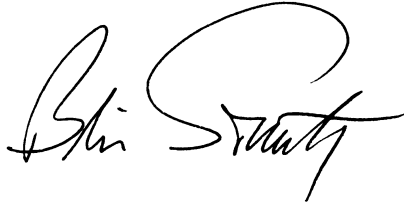
We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Franklin County Conservation District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of management and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Independent Auditor's Report on Internal Control Structure at the Financial Statement Level

Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the financial statements of the Franklin County Conservation District, Franklin County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated March 19, 1999.

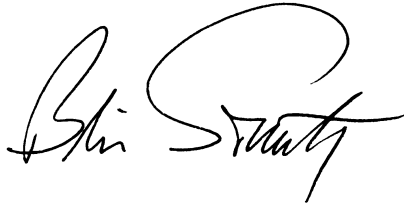
We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the District, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Independent Auditor's Report on Supplementary Information and Schedule of Federal Financial Assistance

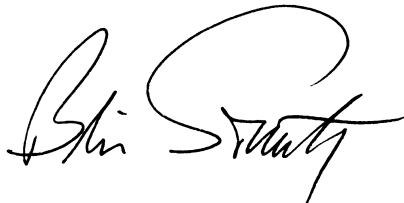
Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the financial statements of the Franklin County Conservation District, Franklin County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated March 19, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Franklin County Conservation District taken as a whole. The accompanying Schedules of Federal Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. The information in the schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs

Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the financial statements of the Franklin County Conservation District, Franklin County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated March 19, 1999.

We have applied procedures to test the District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedules of Federal Financial Assistance, for the years ended December 31, 1997, 1996 and 1995:

- Political activity
- Civil rights
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act

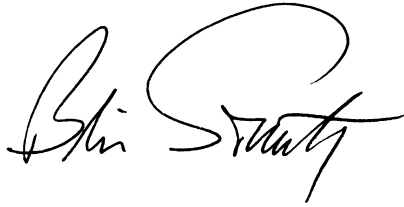
The following requirements were determined to be not applicable to its federal financial assistance programs:

- Davis-Bacon Act
- Cash management
- Relocation assistance and real property acquisition
- Administrative requirements, including subrecipient monitoring

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Independent Auditor's Report on Internal Control Structure used in Administering Federal Financial Assistance Programs

Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the financial statements of the Franklin County Conservation District, Franklin County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated March 19, 1999.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered the District's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 19, 1999.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Cash receipts
 - Cash disbursements
 - Payroll
 - General ledger
- **General Requirements**
 - Political activity
 - Civil rights
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
 - Receivables
 - Accounts payable
 - Purchasing and receiving
 - Inventory control
 - Property, plant, and equipment
- **General Requirements**
 - Davis-Bacon Act
 - Cash management
 - Relocation assistance and real property acquisition
 - Administrative requirements, including subrecipient monitoring
- **Specific Requirements**
 - Types of services
 - Eligibility
 - Matching, level of effort, earmarking
 - Reporting
 - Special requirements
- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

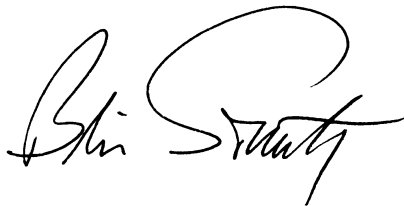
During the year ended December 31, 1997, the District had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: Wind Grant II, Agricultural Technical Assistance Project.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for

matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structures policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses, as defined above.

This report is intended for the information of management and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Independent Auditor's Report on Financial Statements and Additional Information

Franklin County Conservation District January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Franklin County Conservation District
Pasco, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Franklin County Conservation District, Franklin County, Washington, for the years ended December 31, 1997, 1996 and 1995. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

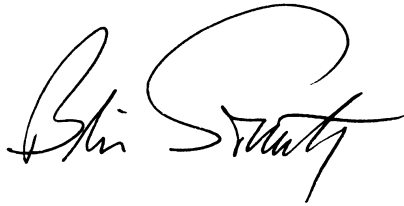
We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Franklin County Conservation District for the years ended December 31, 1997, 1996 and 1995, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 1999, on our consideration of the District's internal control structure and a report dated March 19, 1999, on its compliance with laws and regulations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 1999

Financial Statements

Franklin County Conservation District January 1, 1995 through December 31, 1997

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 1997
Resources and Uses Arising from Cash Transactions – 1996
Resources and Uses Arising from Cash Transactions – 1995
Notes to Financial Statements – 1997
Notes to Financial Statements – 1996
Notes to Financial Statements – 1995

ADDITIONAL INFORMATION

Schedule of State Financial Assistance – 1997
Schedule of State Financial Assistance – 1996
Schedule of State Financial Assistance – 1995
Schedule of Federal Financial Assistance – 1997
Schedule of Federal Financial Assistance – 1996
Schedule of Federal Financial Assistance – 1995